

Senate Committee
on
Budget and Fiscal Review

SUBCOMMITTEE 1
Education

MAJOR ACTION
REPORT

June 11, 2008

Senate Bill 1067
2008-09 Budget Bill

Members

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SUBCOMMITTEE No. 1

EDUCATION

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K-12 EDUCATION

6110 CALIFORNIA DEPARTMENT OF EDUCATION

Proposition 98 – K-14 Education:

- Appropriated **\$59.8 billion** in Proposition 98 funding for K-12 education and community colleges in 2009-09, which provides **\$3.2 billion** in ongoing funds above the 2007-08 budget. This amount reflects an increase of **\$3 billion** in Proposition 98 funding above the Governor's Budget.
- Denied the Governor's Budget Balancing Reductions of more than **\$900 million**, which decreased funding for nearly all K-14 programs, except K-12 revenue limits, and special education.
- Appropriated **\$2.1 billion** to provide a partial cost-of-living adjustment (COLA) of 3.67 percent for K-14 programs. This includes **\$1.8 billion** for K-12 revenue limits and categorical programs and **\$227.8 million** for community college apportionments and categorical programs. A revenue limit deficit factor is established for foregone COLA according to current law rates (5.66 percent).
- Appropriated **\$503.9 million** in one-time Proposition 98 funds for K-14 education, as follows:
 - **\$ 327.8 million** for Child Care and Development programs, including **\$163.1 million** for CalWORKS Stage 2 child care and **\$164.7 million** for CalWORKS Stage 2 and 3 adjustments;
 - **\$101 million** for the Emergency Repair Program in schools in the lowest three deciles of the Academic Performance Index;
 - **\$74.8 million** to backfill property tax losses at community colleges;
 - **\$295,000** for Fiscal Crisis Management Team (FCMAT) to prepare required annual status reports for schools districts with state emergency loans.

Other K-12 Education:

- Provides a net increase of **\$14 million** for changes in K-12 average daily attendance (ADA). Savings from an expected decline in ADA at a rate of 0.52 percent (-\$128 million) are offset by a projected increase in the costs of holding district revenue limits harmless for one year from the costs of declining enrollment.
- Captured **\$121 million** in savings for the following K-12 programs, which reflect workload and other technical adjustments:
 - \$45 million – Special Education

- \$29 million – High Priority Schools Program
 - \$23 million – K-3 Class Size Reduction.
 - \$11 million – Home-to-School Transportation
 - \$8 million – Other Programs
 - \$5 million – 9th Grade Class Size Reduction
- Provides **\$18 million** in ongoing Proposition 98 funding for Charter Schools Facility Grants to offset rental/lease costs for charter schools serving economically disadvantaged students. This program has been funded with one-time funds.
 - Approved **\$11.5 million** for development of the California Longitudinal Pupil Achievement Data System (CALPADS) funded through a variety of non-General Fund sources. This amount fully funds CALPADS development, including \$1.1 million in additional funds for California Student Information Services (CSIS) support.
 - Provides **\$1.2 million** in federal Title II funds to fully fund development of the California Longitudinal Teacher Integrated Data Education System (CALTIDES).
 - Eliminated the STAR norm-referenced test currently administered to students in grades 3 and 7 for a savings of **\$2.5 million**.
 - Approved **\$78.1 million** in federal School Improvement Grant funds to be allocated for school improvement activities pursuant to legislation. This amount includes \$378,000 and four positions to administer the new federal program.
 - Approved **\$55.2 million** in Title I Set-Aside funds to be allocated for school improvement activities pursuant to legislation. Of this amount, **\$7.8 million** is provided on a one-time basis for LEA data support.
 - Approved **\$6 million** in one-time Title V School Innovation and Improvement funds to be coordinated with other school improvement activities pursuant to legislation.
 - Approved an additional **\$5.1 million** in one-time federal Title II Teacher Quality funds including:
 - **\$3 million** to continue funding for Personnel Management Assistance Teams in their work toward compliance with the Highly Qualified Teacher provisions of the federal No Child Left Behind Act;
 - **\$2.1 million** is provided to backfill General Fund (Non-98) support for the U.C. Subject Matter Projects.
 - Approved **\$3.4 million** in one-time federal Title III funds as follows:
 - **\$1.7 million** in local assistance activities for English learners to be coordinated with federal school improvement activities;
 - **\$1.6 million** to provide monitoring and technical assistance to alternative schools, county court schools, and Division of Juvenile Justice schools on the provision of services for English learner students;

- **\$109,000** to make permanent one position for the English learner component of the Math and Reading Professional Development program.
- Approved **\$2.5 million** in one-time federal Special Education funds as follows:
 - **\$1.25 million** to provide monitoring and technical assistance to alternative schools, county court schools, and Division of Juvenile Justice schools in the provision of services for youth with disabilities;
 - **\$1.25 million** for Family Empowerment Centers, which provide information and training to families of students with disabilities through a network of statewide resource centers.
- Provides **\$92.7 million** for the Reading First program, which reflects a decrease of \$87.6 million in ongoing federal funds for the program. Provisional language limits funding to school districts to no more than six years so that participating school districts will be able to finish out the program with existing funding available.
- Continued deferral of annual mandate payments for K-12 education in 2008-09, estimated to cost **\$180 million** annually.
- Approved an unallocated reduction of **\$5.5 million** (ten percent) in state General Funds (Non-98) for CDE headquarters staff and expenses as a part of the Governor's Budget Balancing Reductions. Denied an additional \$482,000 in General Fund (Non-98) resources for 3.3 new positions and other operating expenses.

Child Development

- Fully funded CalWORKs child care programs using Proposition 98.
- Restored Governor's proposed across-the-board reductions to various child care programs.
- Provided minimal funding for enrollment growth.
- Reinstated a partial Cost-of-Living Adjustment (COLA).
- Approved Governor's proposal to freeze State Median Income (SMI), the income level under which families are eligible to receive subsidized child care services.
- Adjusted child care provider reimbursement rates, pursuant to the new Regional Market Rate survey, effective March 1, 2009.
- Retained reimbursement rate ceilings at the current levels (85th percentile of the Regional Market Rate).
- Codified the current practice of assessing family fees when a family's income reaches 40 percent of the SMI.
- Approved Governor's proposal to "score" approximately \$60 million in savings attributable to the After School Education and Safety Program (Proposition 49) for 2008-09, but adopted

alternative Trailer Bill Language linking the future suspension of Proposition 49 to years when Proposition 98 K-14 spending levels are predicated on the use of "Test 3". The Trailer Bill Language would have to be placed on the ballot for voter approval.

0558/0650 OFFICE OF THE SECRETARY OF EDUCATION

- Reduced state General Funds (Non-98) for the Office of the Secretary of Education by 25 percent (**\$494,000**) – an additional 15 percent beyond the Governor's Budget Balancing Reduction -- with intent language to phase-out funding for the office over the next four years.

HIGHER EDUCATION

6120 CALIFORNIA STATE LIBRARY

- Approved Governor's ten percent reductions to various State Library Programs, including the Public Library Foundation; the Civil Liberties Education Program; and the Interlibrary Loan Program, among others.

6420 CALIFORNIA POSTSECONDARY EDUCATION COMMISSION

- Adopted a 25 percent reduction to state operations with the goal of phasing out CPEC's General Fund operations by 2011.

6440 UNIVERSITY OF CALIFORNIA

- Partially restored General Fund (\$98.6 million) sufficient to hold funding at the levels provided in the current year.
- Adopted alternative Budget Bill language to:
 - Reinstate academic preparation and research "earmarks" to ensure funding for legislative priorities;
 - Redirect \$15 million from compensation for administrators to pay for increased compensation for low-wage workers;
 - State the intent of the Legislature that, moving forward, budget augmentations in 2009-10 will apply to new workload costs only.
- Denied approval for facility projects and funding associated with a 2008 General Obligation Bond and realigned existing capital outlay projects with existing bond funds to allow current projects to be completed rather than starting new projects.

6610 CALIFORNIA STATE UNIVERSITY

- Partially restored General Fund (\$97.6 million) sufficient to hold funding at the levels provided in the current year.
- Adopted alternative Budget Bill language to:
 - Reinstate academic preparation and student financial aid "earmarks" to ensure funding for legislative priorities;
 - State the intent of the Legislature that, moving forward, budget augmentations in 2009-10 will apply to new workload costs only.

- Denied approval for facility projects and funding associated with a 2008 General Obligation Bond and realigned existing capital outlay projects with existing bond funds to allow current projects to be completed rather than starting new projects.

6600 HASTINGS COLLEGE OF THE LAW

- Partially restored General Fund (\$516,000) sufficient to hold funding at the levels provided in the current year.

6870 CALIFORNIA COMMUNITY COLLEGES

- Restored Governor's proposed across-the-board reductions.
- Provided approximately \$113 million to fund two percent enrollment growth.
- Reinstated a partial Cost-of-Living Adjustment (COLA) for Apportionments and select categorical programs.
- Adopted "placeholder" Trailer Bill Language expanding the Career Technical Education program to include a "green technology" component. Funding to be appropriated from the Public Interest Research, Development Demonstration Fund (\$12.5 million) and the Alternative and Renewable Fuel and Vehicle Technology Fund (\$12.5 million).
- Backfilled current-year property tax shortfall by providing approximately \$75 million in General Fund resources.

7980 CALIFORNIA STUDENT AID COMMISSION

- Denied Governor's proposal to phase-out the Competitive Cal Grant program and augmented by approximately \$57 million for this purpose.
- Extended date by which the Administration has the authority to sell EdFUND; continues to assume the proceeds of a sale in 2009-10 of \$500 million.
- Authorized 8,000 Assumption Program of Loan for Education (APLE) warrants, holding constant the number of warrants authorized for 2008-09.
- Funded the California Student Opportunity and Access Program (Cal-SOAP) with federal funds rather than General Fund and assumed the Governor's ten percent programmatic reduction but partially offset that reduction with a \$500,000 augmentation (from within federal funds).
- Provided a \$500,000 augmentation from federal funds to the Cash for College program.